

BILL ANALYSIS

Senate Research Center
76R12255 DAK-D

C.S.S.B. 776
By: Bivins
Economic Development
4/21/1999
Committee Report (Substituted)

DIGEST

Currently, the pre-judgment interest rate is based on the interest rates of treasury bills at the time of the judgment; however, the law states that the pre-judgment interest rate cannot be less than 10 percent or more than 20 percent. Treasury bills have not reached a rate of 10 percent in over 10 years. C.S.S.B. 776 would prohibit a court from awarding prejudgment interest on future damages and defines the judgment interest rate.

PURPOSE

As proposed, C.S.S.B. 776 prohibits a court from awarding pre-judgment interest on future damages and defines the judgment interest rate.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 304.003(c), Finance Code, to describe the judgment interest rate as the sum of the auction rate quoted on a discount basis for 52-week treasury bills issued by the United States government as most recently published by the Federal Reserve Board before the date of the computation; and two percentage points. Deletes text regarding certain interest rates. Makes conforming changes.

SECTION 2. Amends Chapter 304B, Finance Code, by adding Section 304.109, as follows:

Sec. 304.109. PREJUDGMENT INTEREST ON FUTURE DAMAGES PROHIBITED.
Prohibits a court from awarding prejudgment interest on future damages.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Provides that to the extent of any conflict, this Act prevails over another Act of the 76th Legislature, 1999, relating to nonsubstantive additions and corrections in enacted codes.

SECTION 5. Emergency clause.
Effective date: upon passage.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends Section 304.003(c), Finance Code, to describe the judgment interest rate as the sum of the auction rate quoted on a discount basis for 52-week treasury bills issued by the United States government as most recently published by the Federal Reserve Board before the date of the computation; and two percentage points.